

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2015

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the fourth quarter of 2015. It also shows the change in house prices for Scotland and the UK as measured by the Halifax house price indices.¹ Figure 1 plots the house price indices for Aberdeen City and suburbs, Scotland, and the UK jointly with the Retail Price Index.

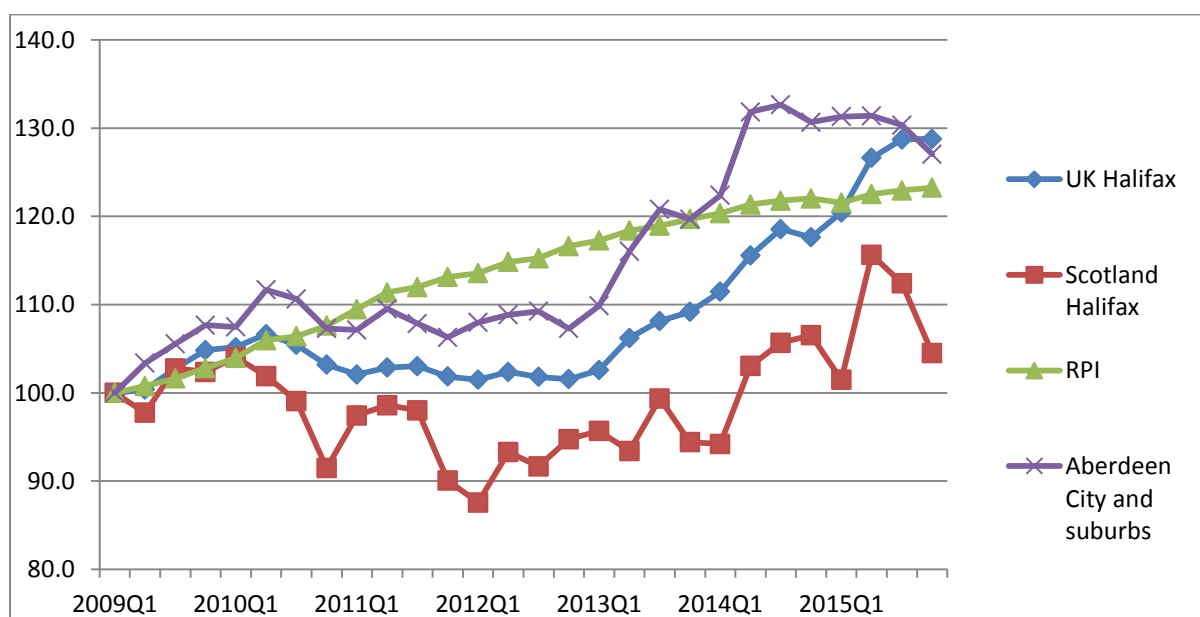
- In the fourth quarter of 2015, house prices in Aberdeen City and suburbs decreased by 2.5%. Over the same period, house prices in Scotland decreased by 4.0% and increased by 1.6% in the UK.
- The annual house price change in Aberdeen City and suburbs is -2.8%. The annual house price change is -1.9% in Scotland and 9.0% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is 3.4%. The annualised house price change over the same period is 2.7% in Scotland and 4.5% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2015Q4	Annual price change 2014Q4 to 2015Q4	Annualised price change over 5 years 2010Q4 to 2015Q4
Aberdeen City and suburbs	-2.5%	-2.8%	3.4%
Ellon	-0.7%	1.8%	2.8%
Inverurie	-2.8%	-3.1%	2.8%
Stonehaven	-1.7%	-1.8%	4.2%
Other country areas	-1.2%	-0.3%	0.8%
Scotland (Halifax)	-4.0%	-1.9%	2.7%
UK (Halifax)	1.6%	9.5%	4.5%
Retail Price Index (ONS)	0.2%	1.0%	2.7%

¹www.lloydsbankinggroup.com/Media/economic-insight/regional-house-prices/. The quarterly price change is seasonally adjusted.

Figure 1: House price indices for Aberdeen City and suburbs, Scotland, UK, and Retail Price Index from 2009Q1 to 2015Q4 (2009Q1=100).



Level of prices

Table 2 gives estimated constant-quality prices for three dwelling types in different areas. Constant-quality means that standard characteristics for the different dwelling types are assumed.

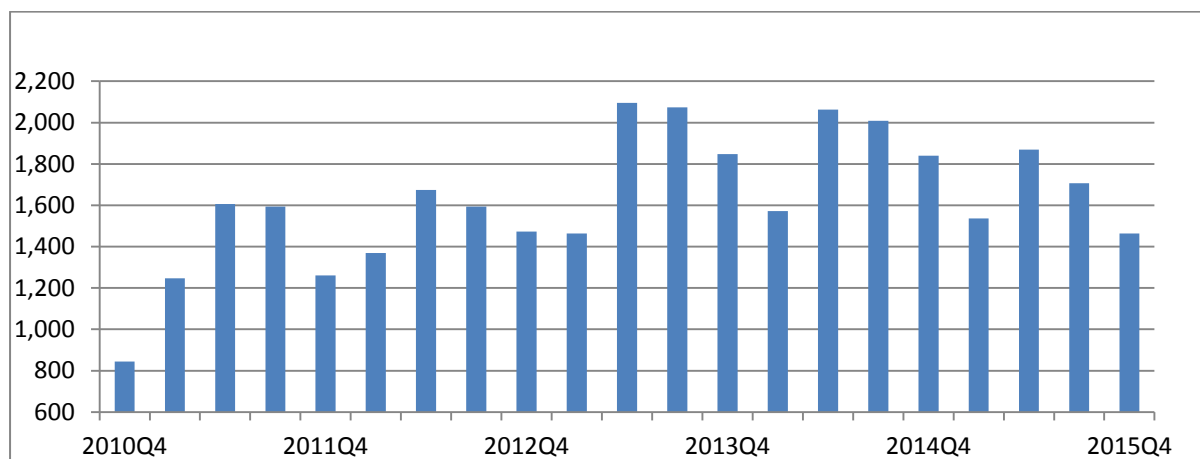
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2015Q4	161,416	137,750	147,774	147,823	136,439
	2015Q3	£165,603	£141,259	£149,704	£151,138	£139,248
Semi-detached	2015Q4	224,215	183,866	210,760	221,286	186,519
	2015Q3	£230,059	£185,125	£216,800	£225,114	£188,820
Detached	2015Q4	340,718	269,332	297,027	332,101	309,799
	2015Q3	£350,337	£274,897	£305,050	£340,882	£316,381

Volume of sales

Figure 2 shows the volume of sales per quarter in Aberdeen and Aberdeenshire over the recent five year period. Table 3 shows the change in the volume of sales for different dwelling types.

Figure 2: Volume of sales from 2010Q4 to the current quarter



In the fourth quarter of 2015, the volume of sales was 1,463, a decrease of 14.2% from the previous quarter and a decrease of 20.5% compared with the volume of sales a year ago (2014Q4).

- The sales volume of flats decreased by 17.6%, the sales volume of semi-detached houses decreased by 13.3%, and the sales volume of detached houses decreased by 10.9%.

Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2015Q4	530	515	418
2015Q3	643	594	469
Percentage change	-17.6	-13.3	-10.9

Comment by John MacRae

Traditionally, the fourth quarter figures for each year are the least impressive because of seasonal influences and 2015 is no different. An interesting aspect of the figures is the apparent decrease overall in Scotland which is slightly unexpected as anecdotal evidence from colleagues in other parts of Scotland suggests that there has been some element of recovery from the bank crash. In the third quarter I indicated that the volume of sales showed a slight lessening of confidence in the local market and I think the fourth quarter tends to back that up.

We are now into a new year and the first six months of each year give the best indication of the health of the local market. We will probably know by the end of the first quarter what our housing market will be in 2016.

2016 may well be a difficult year for some sellers but we should not get carried away with too much gloom as there are still good levels of activity in most sectors of the market. In these conditions, pricing is very important and this makes it essential for prospective sellers to contact their Solicitor in advance of any planned marketing for good, sensible advice.

Note on methods

The information in this report is based on data provided by the Aberdeen Solicitors' Property Centre (ASPC) to the Centre for Real Estate Research, University of Aberdeen.

The price changes shown in Table 1 are calculated after having controlled for the quality of houses that are sold, thereby providing a reliable indication of the underlying market trend.² Three price changes are reported: The quarterly price change shows the percentage change in house prices over the past three months; the annual price change shows the percentage change in house prices measured over the most recent twelve month period; and the annualised price change over five years shows the average annual change in house prices calculated over a five year holding period. Table 1 also includes the Retail Price Index to show how the prices of goods and services in the economy have changed over the same time period.

The estimated price levels in Table 2 assume characteristics that are "standard" for the dwelling type in the respective area. For example, the standard semi-detached house in the Aberdeen City and suburb area has three bedrooms, two public rooms, one bathroom. Full details of the characteristics are available on the link below.

<http://www.abdn.ac.uk/business/research/aberdeen-house-price-index-156.php>

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² This differs from the information reported in previous Aberdeen House Price Reports where price changes were calculated as the differences in the average prices between two periods.